

## WESTOVER INN (B)

*Professor John Haywood-Farmer and Arash Mahdavian prepared this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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On the morning of Sunday, November 13, 1994, Reg Jackson, operations manager of the Westover Inn in St. Marys, Ontario, woke up early with decidedly mixed emotions. The previous day, he and his co-workers, Julie Docker and Stephen McCotter, had reached an agreement in principle with Paul Little to purchase an equity position in the Inn. Although the deal called for Little to sell each of the other three a quarter interest, its details had yet to be finalized and it would ultimately have to be approved by the Inn's lenders. Although Jackson was naturally pleased at the progress so far, he also knew that a lot of hard work lay ahead. Jackson explained his thoughts:

I am both elated and scared stiff. Ownership brings not only opportunity but also responsibility. Now, we all have a duty to manage this place. And, there are lots of decisions we have to make. For one thing, we have to tell the staff. I almost said "other staff" but I guess that's changed now. How should we communicate to them? We will probably have to examine our organizational structure. I wonder what structure makes sense after the change in ownership. And, we have to make sure we have a good strategy. How should we position ourselves in the market to deal with our seasonality? I am sure that we are not as efficient as we could be. We could probably be more effective too. What should we do to improve operations? I am particularly interested in the restaurant. Information technology has been exploding recently. How can we use these developments to our advantage? This will be a big job. I wonder where we should start. And, I wonder how I can fit it all in along with my cases.

## OPERATIONS

I have lots of ideas concerning our operations. One of them has to do with our restaurant on the ground level of the Manor. This is a plan for that floor (see Exhibit 1). The two upper storeys contain six guest rooms, storage space and my office. The basement contains our public washrooms, food storage and preparation areas, the main liquor store, and additional office space. The front desk shares space with a small bar, where we store

most “active” liquor bottles and beer and coolers in a small refrigerator. The kitchen has another refrigerator for beverages, as well as a large refrigerator for meats, vegetables, fresh fruit, and other ingredients. Michael [Hoy, the chef] says it is difficult to manoeuvre in the kitchen when it’s crowded because the room is too small.

Near the entrance is a lounge furnished with a piano, soft chesterfields, and a fire place. Guests use it to enjoy coffee or drinks before or after dinner, or just to relax or read.

The atmosphere of our two dining rooms, the Green Room and the Red Room, is set by the three-metre-high ceilings, arched doorways, bay windows and small statues. The rooms are named after the colour of their decor. We have decorated the 20 to 25-seat Green Room to create a “bistro” atmosphere, and the 30-seat Red Room to create an atmosphere of elegance for a fine dining experience. The tables here are covered with white cotton table cloths and are usually set for two because most of our guests are couples.

### **Operating Times**

We have always been open from February through December but not in January because business is so slow during the winter that it is more profitable for us to use the month to do repairs and renovations and allow staff a holiday. Every two years we devote a week to completely repainting the Inn. Our dining room business exhibits distinct seasons: a low winter season from early February to late April, a peak summer season from early July to Labour Day, and shoulder seasons from early May to late June, and Labour Day to late December.

From November through April the dining rooms are closed all day Monday and Sunday evenings. During the rest of the year we are open for three meals per day, seven days per week.

### **Restaurant Patrons**

We have two types of restaurant guest. For theatre patrons the meal is just the beginning of their evening; their main activity is attending a performance at Stratford after dinner. The Festival closes its doors at 8:00 p.m., when the performance starts, and keeps them closed until the first intermission. Consequently, it is absolutely essential for patrons not to be late. It only takes about 15 minutes to drive to Stratford from here but we recommend that guests leave by 7:20 p.m. to give them ample time to park and deal with any unexpected events such as traffic jams.

Our non-theatre guests have different expectations. They, too, demand high quality meals, enjoy fine wines and want high levels of service; however, their dinner is the highlight of the evening. They are usually under no predictable time pressures that require quick service.

## Restaurant Operations

The dining room staff try hard to ensure that theatre patrons arrive for dinner by 5:30 p.m. We always remind them of the importance of an early dinner. Guests with even a little experience know about the Festival's rules and almost never order dinner after 6:00 p.m. Inevitably, of course, some guests don't follow our advice. People ordering dinner any later than 6:00 p.m. create severe pressure for our dining room and kitchen staff and don't give themselves time to enjoy their meals fully in a calm and relaxed setting. Instead, they feel rushed and can leave with a negative impression of us. A slightly earlier start not only leaves them time to enjoy a full-course meal, including dessert, but also gives us ample time to prepare and serve the meals, which require up to 20 minutes to cook fully.

Our dining room and kitchen processes are typical of fine dining restaurants. There are several steps in the serving of the meal, and times vary from guest to guest depending on individual behavior and how busy we are. When guests arrive, a server seats them and presents a menu and a wine list. The server then describes the day's special, takes beverage orders, and delivers their drinks within two or three minutes. Five to 10 minutes later, the server takes their appetizer and entrée orders, a process requiring about a minute, and then takes them to the kitchen and puts them in a queue for the chef.

After about 10 minutes, the chef places the freshly prepared appetizers in the finished goods area to be picked up by the server, who visually checks that they match the order before delivering them to the table. After about 15 minutes, once the guests have eaten their appetizers, a bus boy takes the used dishes to the kitchen. At this time the server calls out "pick up, Table 12" to tell the chef to start cooking the entrées for the guests at Table 12. Cooking requires 10 to 20 minutes, depending on the meal and any special requests by the guests. The server picks up the cooked entrées and delivers them to the guests.

In about half an hour, when the guests have finished their meals, a bus boy takes the used dishes to the kitchen and returns to take the dessert choices. They might have coffee, ice cream, a liqueur, or a combination. Ordering is usually a two to three minute process. Preparing and delivering a dessert takes two to eight minutes, depending on the order. Usually guests finish their dessert in about 10 minutes. The server then approaches them and, as a courtesy, asks if they need anything else. The guest asks for the bill, pays, and leaves within five minutes. Then a bus boy clears and re-sets the table for the next seating.

## Possible Changes

Jackson believed that some changes might improve the restaurant's operation. He had several possibilities in mind to improve speed and reduce costs.

### 1. Change the Covering on the Dining Room Tables

One thing I am considering changing is the table coverings in the Red Room. We replace the white cloths after each seating. That procedure takes a long time, makes a lot of noise, and involves activity that disturbs patrons. The bus boy sets aside flowers, salt and pepper shakers, candles and anything else on the table. Then he removes the used table cloth, replaces it with a fresh one, resets the table, and takes the used cloth to the kitchen and

throws it into the laundry bin. This process takes three to five minutes. Because servers have to give all their attention to customers during busy hours, we have to have an extra person during peak periods every day just to carry out this process.

Should we improve this process by covering the cloth with a glass sheet? It could be wiped clean so we wouldn't have to replace the cloth after each seating. We might also switch to colorful cloths that wouldn't need immediate washing to remove small stains, as the current white ones do. We would wash the new table cloths weekly as opposed to our current daily washing. I think these moves have several advantages. First, we could save two hours of labor at \$6.50 per hour every day for seven days a week because the process would be a lot faster. Second, we would save about 15 hours per week at \$6.50 per hour for our part-time ironer plus \$3 a day for other laundry and ironing costs. Third, the reduced wear and tear would increase the cloths' useful life. Fourth, colored and/or patterned cloths would allow us a lot of design flexibility. Finally, a streamlined process would reduce the disturbance to guests.

However, some aspects of this idea bother me. Glass sheets and table cloths aren't cheap. The glass will cost us about \$600, and the new cloths, including some spares for the inevitable emergencies, another \$300. In addition, sewing labor will set us back \$100. We would have to replace the glass sheets in about five years and the table cloths in about three years. I am also unsure if these changes would meet guests' aesthetic expectations of a fine-dining restaurant.

## 2. Open the Inn in January

I am also thinking of staying open in January to increase our profits. Operating year-round would help attract more local business. On the other hand, we might be unable to carry out repairs and renovations without disturbing guests. However, postponing these improvements could lose us revenue in the future.

If we did open in January, the average room rate would be about \$71.50. In the Inn, our variable expenses are low; laundry and supplies cost about \$2.50 per room. Our fixed expenses, such as cable television and wages, would total about \$8,700 for the month. In the restaurant, food and beverages range between 37 and 42 per cent of sales. Kitchen and dining room wages, kitchen fuel, and other expenses would total about \$10,200 in January, if the restaurant opened on a full scale.

If we did open in January, how many staff should we schedule? We have no past data to guide us. Because our part-time staff can be scheduled for work on relatively short notice, I have some margin of error. Excessive staffing could lead to operating losses, but if we are understaffed we might not be able to provide the necessary service.

The staffing level and the Inn's operations depend on the kind of customers that stay here during January. Because no major cultural events are scheduled in the surrounding region, we are unlikely to get destination travellers. Instead, I expect most of our business to come from guests who are in St. Marys for short periods for business or personal reasons. They might not expect luxurious service. Therefore, we could operate fully (including the restaurant). Or, we could open partially; we could keep the restaurant or the lodging

closed or restrict our offerings in some way, perhaps by day of the week. Even if we only open for lodging, we still have to decide whether to open for the whole month or just part of it.

### 3. Extend the Inn's Operating Hours and Days

We should also look at our operating hours. If we extend our dining room hours during the summer season to 1:00 a.m., we will capture a share of the after-theatre crowd who want a light meal, dessert or drinks after a theatre performance. Currently, our guests stay in Stratford for after-theatre activities.

We could test this idea during the remaining two weeks of the 1994 Stratford Theatre Festival season. I wonder what menu items to offer and how to prepare them. We can't expect Michael to remain at the Inn until 1:00 a.m. He suggested that he could design an after-theatre menu of some popular snacks and desserts that any of the Inn's staff working the late night shift would be able to prepare readily. Or, during the early evening, he could prepare a number of ready-to-serve desserts and snacks that would taste and look fresh for several hours. Both options would limit the choices.

Longer dining room hours would also mean more cleaning, dish-washing, and table setting to prepare the dining room for guests returning from the theatre and again for those eating breakfast. The total would be three to four more labor hours per night. Dining room and kitchen staff working the late night shift might have to stay at the Inn until well after 1:00 a.m. Most are accustomed to leaving before 11:00 p.m. If we did decide to cater to the after-theatre crowd, I wonder if we should keep the dining room operating continuously until 1:00 a.m. or close it between 8:30 p.m. and 10:30 p.m.

I am also thinking about extending our summer schedule into the November to April period when the restaurant sits idle for more than one day a week. In 1993 and 1994 we averaged weekly covers of 125 in the winter season, 250 in the shoulder seasons, and 375 in the summer season. Special events, such as Valentine's Day, Easter, Mothers' Day, and New Year's Eve, or corporate customer meetings, are always a welcome boost. How should we decide whether to stay open or not?

It's virtually impossible to determine meaningful daily averages because we vary so much. I also don't trust our records. Staff record reservations in our restaurant reservation book and are supposed to record cancellations, no-shows, and walk-in customers as well. Although the staff generally account for cancellations and the rare no-shows accurately, they often don't record walk-ins. On summer weekends all of our 22 rooms are often full with over 40 guests, all of whom have breakfast included in their room rates, and almost all of whom eat breakfast. But, the reservation book frequently shows no breakfast business at all. Although I think that about 80 per cent of our lunch business is walk-in, the reservation book has much lower figures.

As you would expect, fewer people make reservations when we are less busy. I guess they figure they won't need one and they are usually right. In the summer, guests usually make dinner reservations, especially on Fridays and Saturdays, and only a few of our dinner covers — maybe five per cent — are walk-ins. But, that number goes up to about 10 per

cent in the shoulder seasons, and 25 per cent in the winter. Relatively few make lunch reservations and almost no one makes breakfast reservations. The reservation book shows higher numbers of lunches and much higher numbers of dinners in the summer compared to the winter and shoulder seasons. The recorded number of breakfasts is much the same from season to season. Our business varies by day of the week too, of course. Friday and Saturday are peak days, and Monday is low just like the rest of the restaurant industry. Record accuracy also varies widely from staff member to staff member depending on how busy they are and on personal whim.

I think I have fully considered these possible changes, but I wonder if I have forgotten anything.

## MARKETING ISSUES

We also have to decide how to position ourselves. Most of our competitors advertise in Stratford Festival publications but I don't think many of them purchase mailing lists of Festival patrons for direct marketing. The content of such mailings must be approved by Festival authorities. We can obtain their mailing lists segmented by geographic region for from \$90 to \$300 per thousand names, depending on the range of the list's focus. Some inns, such as the Benmiller Inn and Langdon Hall [in Cambridge], frequently advertise in *The Globe and Mail*. We also advertise there, but only about twice a year. Some inns seem to focus on specific markets. The Elmhurst Inn [in Ingersoll] advertises a lot for weddings in publications such as *Wedding Bells*. It hosts its own annual wedding show attended by over 40 suppliers of wedding needs and about 500 brides-to-be, and has a relationship with one of the foremost renters of formal wear in London — they often attend trade shows together. I have collected this information (see Exhibit 2) on our competitors.

## The Market

I am not sure which additional customers we are most likely to attract. Should we market ourselves as a place for everyone or as a place for one or more groups of customers with similar characteristics? And, what characteristics? My main concern is to increase winter sales, although I would be happy to sell more rooms in the shoulder seasons. The number of theatre tickets sold for Stratford show that the Festival's accommodation market is about 120,000 room nights. I don't know how to estimate the market size for the off-season though.

There are lots of ways to segment customers. There are generally two segments within the hospitality industry: pleasure, and corporations and organizations.

## Pleasure Customers

The pleasure segment is large; it consists of individuals who travel or dine for pleasure on vacations or weekends. Because nearly every socioeconomic group is in this segment, it contains many subsegments based on citizenship, age, sex, etc.

I have collected some information on Canadians and have divided them by age (see Exhibits 3 and 4). Nearly two-thirds of the Ontario population between 25 and 34 are married, and about 60 per cent of them have children. They are active and that is reflected in their travel habits. Price, not service, is their main decision criterion in choosing overnight accommodation. In 1992 the Stratford Festival conducted a patron survey (see Exhibit 5). Only about 16 per cent of its customers were under 40. The salaries of most people in this group aren't up to high levels yet and their financial commitments for expensive items such as homes and cars, and the cost of raising children, probably make them wary of such lavish expenses as luxury accommodation.

The "baby boomers" — people from 35 to 54 — are the largest overnight travel segment in Ontario but it is not clear how their travel is distributed between pleasure and business. More than 44 per cent of Stratford's patrons are 40 to 59. This is a potentially lucrative market in the summer and fall. Many of these people's families have grown up and most of them live and work in large urban centres. They welcome an opportunity to spend time in quiet surroundings away from the busy life of the city and are willing to pay a premium for fine cuisine and elegant, attentive service. However, they are still working so, when they are not on vacation, their travel is limited to weekends. About a third of St. Marys' population is in this category. There are few local evening or night-time entertainment activities. Would special events at the Westover Inn in the off-season attract local residents?

People over 55 are the most affluent group in Canada. They account for more than 38 per cent of Stratford's patrons. Those over 65 have low incomes but they often have significant assets. Their freedom from child-rearing and mortgages leaves them with high levels of discretionary income. Because most are retired, they have the time to enjoy travelling and dining out to go along with their financial resources. They spend a substantial portion of their expenditures on these two activities. Price is not their number one criterion in deciding where to stay. Rather, they place higher value on attention to detail, attentive and thorough service, and fine cuisine. The 55 to 64-year-old group is similar to the older one, except that most of its members are still employed.

U.S. travellers staying in this area are almost exclusively theatre patrons. This table (see Exhibit 6) indicates where they come from. Most live in large U.S. cities such as greater Detroit and Chicago. Julie has come to know many of them quite well. According to her, many of our American guests are highly educated professionals, over 50, in upper income brackets. They are very loyal guests and fine food connoisseurs for whom meal presentation is just as important as food quality. They don't seem to worry much about price.

### Corporate and Organizational Meetings and Conferences Customers

This segment wants adequate meeting rooms and presentation facilities, some on-site or nearby activities, and quiet surroundings and little night-life for minimal distractions. Price is important for increasing market share. Corporate organizers of meetings and conferences typically purchase all their needs as a package including accommodation, meals, snacks, coffee service, and meeting room rental. Julie believes that the Inn's luxurious atmosphere, small size, and quiet, countryside setting could be attractive to local

and nearby companies seeking an elegant establishment for their exclusive use for small meetings or corporate retreats. Seating in our meeting room is flexible. It can hold up to 50 people for dinner occasions and up to 30 for meetings.

Julie has divided this market into three geographic segments: local; London and Kitchener-Waterloo-Cambridge; and Toronto. We haven't aggressively targeted corporations. Often, companies have initiated contact after learning about us through word-of-mouth, usually from an employee who had stayed or dined here.

I wonder which market is the best to pursue to increase our off-season revenue. I also wonder how to position us under each alternative to attract the specific segment we are after.

## MANAGEMENT STRUCTURE

The Inn prided itself on its warm and friendly service, its informal atmosphere, and its high level of attention to the needs of individual guests. Stephen McCotter firmly believed that service was one of the keys to the Inn's success. In his words:

To succeed, we have to attract more customers in the off-season. With the lack of any significant local winter attractions and activities, it seems to me that the local population, especially businesses and organizations, provides our most likely potential off-season customers. We also have to provide top quality, personalized service. To do so, it is important that all our employees, especially those dealing with customers, generally know how the Inn operates so that at any given time any of them can meet a customer's needs. They need to have the confidence and common sense to make decisions and take action themselves, without having to ask for a manager's approval.

I believe that we do provide excellent service to guests. Our staff are courteous and respond quickly to requests from customers. We read numerous compliments from guests on comment cards. However, there is still room for improvement. At present, customer service is primarily a reaction to guests' needs. Customers make a request and the staff then respond. Guests' perception of service would improve if the staff anticipated and carried out customers' requests before they were even made. However, this reaction requires employees to believe firmly that management allows them to make such decisions independently. Even though we do, I am not sure that we have effectively communicated this attitude to our employees.

Jackson wondered if the current management structure and systems were an impediment to the Inn's success. He thought the current division of responsibilities put an enormous burden on Julie Docker. In Jackson's words:

Julie makes all the important decisions. Is that the most efficient arrangement? Currently, she is responsible for the entire Inn since ultimately everyone reports to her. Because of this responsibility she is involved in all facets of the Inn's operations, ranging from helping in the dining room to performing accounting duties to preparing schedules for all staff, including the dining room staff. She does a great job but most of us rely on her too much. As a result of her central role, most employees do not learn to solve problems as



quickly as they should. Because Julie spends much of her time on the restaurant operations and dealing with customers and suppliers, she is less available to promote the Inn to the corporate segment.

Right now, decision making is fairly easy: Julie makes them and carries them out. If she thinks a piece of furniture needs replacement, she goes ahead and does it. This process is also used to schedule staff, and deciding what wines to include on our wine list. Usually, that is all right, but sometimes Stephen or I might disagree with her. We are not in good financial shape. However, because we report to Julie, we can't voice a really strong objection.

It's especially difficult to monitor financial performance in the kitchen, which has traditionally had high costs. It seems a good candidate for improvement.

### **Potential Changes**

Julie's responsibility for making decisions for both accommodations and the restaurant might be the cause of some of our problems. I wonder if it would be more effective to reorganize our management structure into two streams, with one responsible for the accommodation and the other responsible for the restaurant, with the innkeeper being responsible for marketing only. This structure would allow the dining room manager to make the decisions pertaining to the dining room, including staff scheduling, and the operations manager to produce the financial statements. Personnel decisions could be a joint effort among all three.

I have a few ideas to improve our cost control. First, we might reduce our spending on non-essential items by implementing a policy of requiring approval by at least two of the three partners for expenditures over a certain amount. Second, I want to start letting Michael know how the kitchen is performing financially to allow him to improve his cost monitoring and give him a reference point that he can use to measure progress. We might also give the kitchen personnel, especially Michael, monetary incentives for meeting targets. However, I am not sure how the other employees might perceive such a move. Given our financial situation, it might not even be feasible. Finally, I wonder whether giving employees more feedback would improve their job performance. The three of us are not sure how our acquisition will affect staff attitudes and performance, and we are concerned about their reaction to the new relationship where their friends and former colleagues are now their bosses.

### **MANAGING INFORMATION**

It's become increasingly difficult to produce the monthly financial statements quickly. Without them, how can employees judge how well they are doing, if their performance is improving or not, and how performance affects the Inn financially? If our costs are running high, we can't do anything about it for up to 10 weeks and we keep operating the business the same way. Decisions, or lack of decisions, that lead to poor operating results will almost certainly be repeated until the outcomes of those decisions are brought to our attention. Also, it probably takes us too long to correct those mistakes because not only

have we forgotten many of the details that led us into making poor decisions, but also we have lost that sense of urgency that is so often crucial for changing operations.

Currently, each day we record all data manually in journals or on cards. At the end of each month we transfer some data, such as room and restaurant sales and expenses, onto a computer. We can't really get information on sales and profitability levels until after the end of the month.

When our guests check in, they enter their names and home addresses in the guest ledger. Periodically, we add new records to our mailing list, our only electronic record of individual customers. In each room we also place comment cards (see Exhibit 7) which Julie and her employees regularly review. However, we don't keep a database of the responses.

The restaurant keeps data on food and beverage sales and expenses from the manually prepared restaurant bills. We compile the information once a month, and then store these bills. We don't attempt to itemize and maintain records of sales by time of day, day of the week, number of guests served, or guest status (overnight versus walk-in), although the bills provide some of these data. We don't link our restaurant and room information.

Service excellence is one of our important competitive advantages. By service excellence, I mean individualized personal attention. Many repeat guests are impressed if staff remember them and their likes and dislikes — their names, their favourite table, whether they prefer smoking or non-smoking rooms. Because we don't document such information, long-time employees must ensure that servers and front desk personnel learn and remember the characteristics of repeat guests.

I am thinking of introducing automation to link restaurant data to room and customer data in order to maintain detailed guest histories. Improved knowledge of our customers should allow us to focus our marketing and enhance service by anticipating customer needs. I have investigated one commercial hotel management system from Five Star Hotels Systems. Here is some of the information they sent (see Exhibit 8). We tend to make decisions without extensive data on customers. I wonder if adopting a hotel management system such as this would change our style.

## COMMUNICATION DECISIONS

Our new status will require both internal and external communication. Even though we've reached an agreement with Paul, we still have a major hurdle to cross: our lenders have to approve any ownership change before we can finalize the deal. How will our youth, inexperience, and financial position affect how the bank will perceive us? How will we be treated by the bank officer handling our mortgage? How should we approach the lenders? How long should we wait? Who should make the presentation? Should it be in writing, in person, or both?

Communications to staff will also be important. When should we tell them? Who should do it? How important would a sudden announcement be? What could we achieve by announcing the change in ownership? An early announcement to staff should reduce the

impact of both the inevitable rumours that will soon start — if they haven't already done so — and the surprise arising from the change. However, it will also reduce the significance of the change. If we tell the staff now, we aren't in a position to disclose many of the final details of the agreement because they haven't been worked out yet. Therefore, we couldn't respond to questions with any sense of confidence. This uncertainty might lead some staff to feel unnecessary anxiety about their future, particularly if the lenders veto the deal.

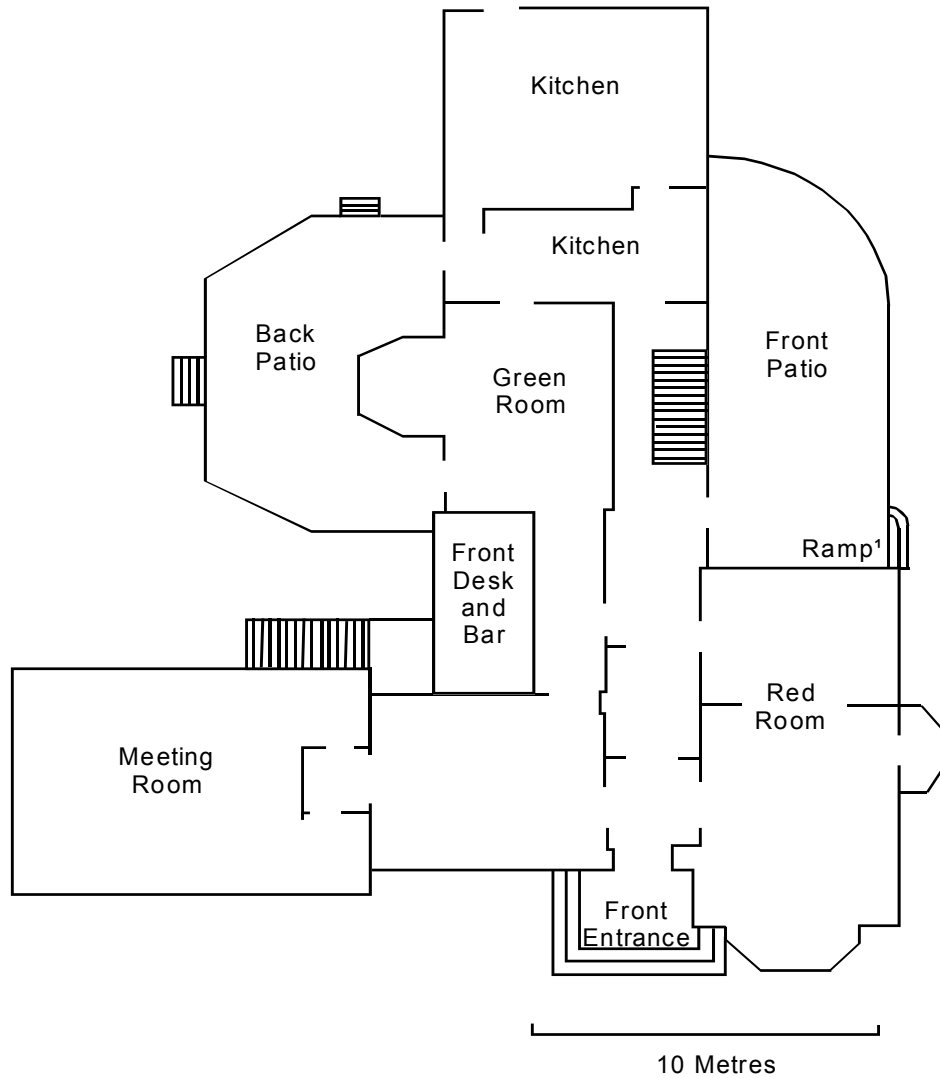
How should we inform staff? Should we communicate through an internal memo addressed to all staff? Would a staff meeting to announce the news be better? A meeting would allow staff to ask questions, but most have already left the Inn for the season and won't be back until late March or early April.

And, what should we tell staff? Should we merely announce the sale? Should we state our expectations of how the change will affect our operations? How should we respond to inquiries about the financial details of the deal?

How can we best capitalize on the effect of the change within St. Marys and surrounding regions? How should we inform the media? We can probably use the fact that both Stephen and I are St. Marys natives and that Julie has a permanent residence here to demonstrate our commitment to the local community. I have prepared a preliminary press release (see Exhibit 9) but I am not sure if it will generate enough interest and excitement? What do you think?

## Exhibit 1

## FLOOR PLAN OF THE MAIN (GROUND) FLOOR OF THE MANOR BUILDING



<sup>(1)</sup>The Inn had a small ramp which it could lay over these steps to make the ground floor accessible to wheelchairs across the front patio through the side entrance.

Source: Company files.

## Exhibit 2

## SELECTED CHARACTERISTICS OF LODGING COMPETITION

Name	Location	Units	Prices	Wheelchair access	Air-conditioning	Suites available	Indoor pool	Outdoor pool	Tennis courts	Meeting rooms	Licensed lounge	Licensed patio	Entertainment	Dining room	Room service	Kitchenettes	Refrigerators	Breakfast included	Light breakfast
23 Albert Place	Stratford	34	67 to 109		x	x					x								x
As You Like It Motel	Stratford	18	58 to 99	x	x	x		x		x				x			x		
Bentley's Inn	Stratford	13	80 to 130		x	x					x			x	x	x	x		
Festival Inn	Stratford	151	72 to 99	x	x	x	x		x	x	x	x		x			x		
Forest Motel	Stratford	16	74 to 115	x	x												x		x
Majer's Motel	Stratford	31	56 to 85		x			x									x		
Noretta Motel	Stratford	15	50 to 75		x														
Queen's Inn	Stratford	31	75 to 175	x	x	x				x	x	x	x	x	x				
Rosecourt Motel	Stratford	15	56 to 106		x	x										x	x		x
Stone Maiden Inn	Stratford	14	85 to 175		x					x							x	x	
Stratford Suburban Motel	Stratford	25	58 to 76	x	x			x	x								x		
Swan Motel	Stratford	24	58 to 76		x			x									x		x
Traveller's Motel	Stratford	22	55 to 85		x	x										x	x		
Victorian Inn On The Park	Stratford	115	55 to 169	x	x	x	x			x	x	x	x	x	x		x		
Altadore Quality Inn	Woodstock	75	80 to 102	x	x	x		x		x	x	x	x						
Benjamin's Restaurant & Inn	St. Jacobs	9	90 to 100		x					x		x		x	x				x
Benmiller Inn	Goderich	48	85 to 225	x	x	x	x		x	x	x	x	x	x		x	x	x	x
Brentwood on the Beach	Zurich	10	65 to 140		x		x									x		x	
Delta London Armouries Hotel	London	250	85 to 140	x	x	x	x			x	x			x	x		x		
Elmhurst Inn	Ingersoll	49	99 to 129		x					x	x			x	x			x	x
Howard Johnson Hotel	Kitchener	102	63 to 89	x	x	x	x			x	x	x	x	x	x		x		
Jakobstettel Guest House	St. Jacobs	12	105 to 150	x				x	x	x								x	x
The Little Inn of Bayfield	Bayfield	31	75 to 190	x	x	x				x	x	x	x	x	x	x		x	
Newburg Inn Motel	New Hamburg	12	60 to 85		x	x										x	x		
Shakespeare Inn	Shakespeare	50	75 to 180		x	x												x	
Valhalla Inn	Kitchener	200	69 to 109	x	x	x	x			x	x	x	x	x	x				
Waterloo Inn	Waterloo	160	79 to 125	x	x	x	x			x	x	x	x	x	x		x	x	
Westover Inn	St. Marys	22	85 to 150		x	x		x		x	x	x		x					

Source: *Stratford Festival 1994 Visitors' Guide*.

## Exhibit 3

## SELECTED CHARACTERISTICS OF ONTARIO POPULATION BY AGE GROUP

Age Group	Average Years of Schooling	Marital Status (000s)			Portion of Overnight Travel	Average Income
		Single	Married	Other		
25-34	13.6	639	1,229	76	23%	\$ 27,600
35-54	13	276	2,444	253	33	34,200
55-64	11	45	756	133	9	28,900
Over 64	10.3	72	747	457	8	19,900

Source: Statistics Canada, Catalogues 93-328, 91-213, 13-207, and 87-504.

## Exhibit 4

## SELECTED CHARACTERISTICS OF ONTARIO OVERNIGHT TRAVELLERS

Portion of Sex	Household Travellers	Portion of income (thousands)	Travellers
Male	51	Up to \$10	2%
Female	49	10-19.99	7
		20-29.99	7
Age		30-39.99	11
Up to 15	16	40-49.99	13
15-19	5	50-59.99	12
20-24	8	60-69.99	8
25-34	23	70 and over	20
35-44	19	Unstated	20
45-54	14		
55-64	8	Marital status	
65-69	4	Married	55
70 and over	4	Single	37
		Widowed	3
Occupation		Separated or divorced	5
Managerial and professional	31		
Clerical, sales, service	26	Education (years)	
Primary occupations	2	0-8	19
Manufacturing, construction, transportation	14	High school	29
Never worked, none of above	26	Some post-secondary	8
		Post-secondary diploma	24
		University degree	19

Source: Travelog, Domestic Travel, Statistics Canada Catalogue 87-504.

## Exhibit 5

## RESULTS OF 1992 SURVEY OF STRATFORD FESTIVAL PATRONS

<b>Sex</b>	<b>Portion</b>	<b>Ticket Purchase</b>	<b>Portion</b>
Male	35	Purchased tickets...	
Female	65	Within past week	12
		1-2 weeks ago	8
		3-4 weeks ago	10
		5 weeks or more ago	67
<b>Age (average 53.5)</b>		Generally purchase tickets	
Under 20	2	All at one time	61
20-29	7	For one show at a time	20
30-39	10	For 2 or more shows a few times per season	19
40-49	22	Purchase tickets at a specific time...	
50-59	22	For best seat selection	35
60-69	26	For travel or accommodation arrangements	26
70-79	10		
80 or over	2		
<b>Employment Status</b>		<b>Primary Source of Festival information</b>	
Full-time, fixed hours	34	Festival Brochure (by mail)	76
Retired	29	Friends	12
Full-time, flexible hours	21	Festival Brochure (elsewhere)	10
Part-time	11	Media stories	4
Student	5	Media advertisements	3
<b>Attending Performance With</b>		Length of stay in Stratford (average 2.0 days)	
Spouse and/or family	59	0 nights	32
Friend(s)	29	1 night	14
Alone	10	2 nights	22
Group	3	3 nights	13
		4 nights	7
		5 nights	6
		6 or more nights	5
<b>Decision Criteria for Attending the Festival</b>			
	<b>Very Important</b>	<b>Considered It</b>	<b>Not Important</b>
A particular production	66%	23%	10%
A getaway or vacation	50	22	28
Scheduling convenience	47	34	19
Actor or actress featured	39	34	27
Familiarity with the play	28	47	26
Rarely performed play	19	27	53
Ticket price	16	38	45
Reviews	15	32	54
Director	14	32	55
Word of mouth	14	33	53
Newspaper or magazine article	8	38	53
Advertising	4	25	71

Source: Stratford Festival files.

## Exhibit 6

## ORIGIN OF U.S. VISITORS TO THE STRATFORD FESTIVAL

Michigan		New York		Ohio	
Royal Oak (Detroit)	26,702	Rochester	6,907	Toledo	4,997
Detroit	23,129	Buffalo	6,558	Columbus	3,499
Grand Rapids	6,101	New York City	2,463	Cleveland	3,458
Total Michigan	76,431	Total New York	20,511	Total Ohio	20,259
Illinois		Pennsylvania		Other States	25,065
Chicago	19,469	Pittsburgh	2,628		
Total Illinois	20,370	Total Pennsylvania	6,998	Grand total	169,634

Source: Stratford festival files.

## Exhibit 7

## WESTOVER INN'S GUEST COMMENT CARD

## Guest Comments

Date of Stay \_\_\_\_\_

Building: Manor Room # \_\_\_\_\_ Terrace Room # \_\_\_\_\_ Cottage Room # \_\_\_\_\_

Purpose of your trip?

Business ☐ Convention/Meeting ☐ Vacation/Leisure ☐

How did you find out about the Westover Inn? \_\_\_\_\_

Why did you choose the Westover Inn?

Location \_\_\_\_\_ Facilities \_\_\_\_\_ Other Reasons: \_\_\_\_\_

Please rate the following:

	Cleanliness	State of Repair	Quality of Accommodation	Price/Value of Accommodation	Staff Courtesy & Service	Quality of Food	Price/Value of Food
Very Good	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Good	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

What additional facilities or services do you think the Westover Inn should provide?

Would you stay at the Westover Inn again? Yes ☐ No ☐

Other comments \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postal/Zip Code: \_\_\_\_\_

Source: Company files.



## Exhibit 8

## SAMPLE OF A HOTEL MANAGEMENT SYSTEM

Reg Jackson  
Westover Inn  
300 Thomas St., Box 280  
St Marys ON M4X 1V1

Dear Reg:

Thank you for your interest in the Five Star Hotel Systems front desk and back office programs. Enclosed is the information package you requested about the software. It includes a brochure summarizing all the features of the package, a set of price and additional information sheets, and a short set of some of the most useful reports generated daily by the system.

We would also like to remind you about our \$69.95 special. This gets you the complete package and manual. Use the software as you like for 30 days. After that time if you wish to purchase the front or back office software you can, simply by paying the balance of the regular purchase price less the \$69.95 paid. If you choose not to continue, the trial version will stop working after the 30 day trial period. You can return the disks and manual for a complete refund.

The Five Star system has been in use for four years, and its authors have the experience of over 15 years with the hospitality industry. Previous software packages they have written have been used by over 400 hotels. This newer, current version is the latest consolidation of their experience. We hope you like it!

Please see the enclosed information for ordering your software, and thank you for your interest in the Five Star Hotel System.

Sincerely,

*Peter Abel*

Peter Abel

*Five Star Hotel Systems Corporation* front desk and back office software

328 Cottesmore Ave. Cobourg, Ontario K9A 4E2

(905) 373-1961, (800) 965-4606, fax (905) 373-7447

**Exhibit 8 (continued)****RECOMMENDED HARDWARE**

The Five Star system is a DOS based/PC compatible system that may be used either on a single station computer, if you have purchased the single user version, or on a network if you have purchased the multi-user version.

The multi-user version is 100 per cent multi-user, meaning that you can have as many terminals as you want, each making reservations, checking in guests, etc. You can even run house reports as you change the house status, i.e., by checking guests in or out. The Five Star system automatically handles these requirements.

**Budget System:** 386DX40, 2 mb ram, 120 mb hard disk, EGA or VGA color monitor, Uninterruptable power supply, MS DOS 6.2. You can use 1 mb ram, but the use of a disk cache program like SMARTDRV significantly improves speed. You can use a monochrome monitor but color makes the system much easier to use. Approximate current market cost \$1,200.

**Recommended System:** 486DX66, 4 mb ram, 250 mb hard disk or bigger, .28 dot pitch non-interlaced, SVGA color monitor, 3 1/2" floppy drive, 128 kb cache ram, 512 kb ram video card, internal tape backup drive, Uninterruptable power supply, MS DOS 6.2. Approximate current market cost \$2,200.

**Printers:** Get 2, one for folios and one for reports, etc. Use any IBM or Epson compatible narrow dot matrix printer for folios and standard Five Star built-in reports. You may want a wide carriage printer if you plan to design your own detailed reports with the built-in report generator. You can design reports that fit on narrow paper too. We recommend the Rolland/Raven/Panasonic narrow carriage, ultra quiet printer line. They are inexpensive, have an easy to use tear off feature, and are VERY quiet. A laser printer does a very professional job of confirmation letters, deposit letters, and registration cards. Use any Hewlett Packard 100 per cent compatible laser printer. Approximate market cost for narrow dot matrix printers \$275, laser printers \$1,000.

**Network System Recommendations:** Use a competent network installer to set up your network. The Five Star system is tested and proven on Novell, Lantastic and Windows for Workgroups networks. All perform well. Use a 486DX33 with 4 mb ram, 250 mb hard disk or better for the server and 386DX40 with 2 mb ram or better for work stations. Work stations don't need hard disks for DOS networks. Use 4 mb ram per computer for Windows, and 8 mb for the server. Dedicate the server for 4 user networks or larger if using Windows for Workgroups or Lantastic.

**SUPPORT AND TRAINING PROGRAMS**

**Telephone Support:** Telephone support is free during the 30 day trial period, as part of the \$69.95 offer. After that it is available on a per incident basis, for \$50, during office hours from 8:00 to 5:00 p.m. EDT. Charges are billed to your VISA card at the time the service is rendered. After hours support is available at a cost of \$100/hr minimum \$75, billed to your VISA card.

**Annual Support Plans:** Five Star offers annual support plans, to guarantee the cost of using the Five Star system. Unlimited telephone support is available from 8:00 a.m. to 5:00 p.m. EDT, for an annual fee payable in advance as follows:

**Exhibit 8 (continued)**

Five Star Front Office Module	Single User	\$450.00/yr plus applicable taxes
	Multi User per 3 user pack	\$150.00/yr
Five Star Back Office Module	Single User	\$200.00/yr
Five Star Point of Sale Module	Single User	\$450.00/yr

**Training:** Training is available at your site for \$500 per day plus travel expenses. If you don't want to rely just on the tutorial manual, or want the fastest possible installation, we recommend 1 to 2 days training. Note: there may be a government reimbursement program in your area which helps with training costs.

**Other:** Custom programming is available for interfaces to other systems, like point of sale, telephone charges, pay-per-view, etc. The cost is determined by the extent of the programming you require.

**PLEASE ASK ABOUT THE TRAINING OR SUPPORT PLAN YOU WANT WHEN ORDERING YOUR FIVE STAR SOFTWARE.**

**Investment**

Five Star Front Office Module	Single User	\$995.00	\$145/yr license renewal*
Five Star Back Office Module	Single User	\$595.00	\$75/yr license renewal*
Touch Screen Point of Sale Module	Single User	\$1495.00	\$145/yr license renewal*
3 User Multi User upgrade Packs	Per Pack	\$495.00	\$45/yr license renewal*

\* When you renew your license you get the current version of your software automatically.

**Front Office Module includes:** reservations, check in, check out, guest accounting, record non-guest sales and receipts, special account functions, guest message system, group management, confirmation letters, deposit letters, registration cards, housekeeping, package plans, night audit, guest history, marketing, corporate accounts, travel agent accounting, built-in report generators, extensive built-in reports, hot keys, security system. Multiuser version is FULLY multiuser.

**Back Office Module includes:** general ledger and financial statements, accounts receivable, accounts payable and cheque writing, security system, built-in report generators, extensive built-in reports. Multiuser is FULLY multiuser.

**The \$69.95 Offer!**

*Now we've taken the risk out of buying your next software system.*

*For just \$69.95 get the complete Front Desk & Back Office Five Star modules for 30 days including the full programs and tutorial manual.*

*Use the demo mode or demo hotel; or set up your own hotel, easily, with the tutorial manual and on-line help. If you are not completely satisfied, return the manual and diskettes for a full refund.*

*Free telephone support during the trial period.*

Source: Company files.

**Exhibit 9****POTENTIAL PRESS RELEASE****MEDIA RELEASE****For Immediate Release****THE BUSSERS THAT BOUGHT IT  
(COUNTRY INN BUSSERS BUY THE WESTOVER INN)**

The 19 acre Westover Inn located in St. Marys, Ontario has been sold to three of the staff. Two former bus boys and the innkeeper have decided to exchange their duties for entrepreneurship. Julie Docker (30), Stephen McCotter (22), and Sean (Reg) Jackson (24) who have been with the Inn for a number of years finally realized that for the Inn to be successful it had to be owner operated.

The Westover Inn, built in 1867, is comprised of 22 guest rooms, two dining rooms, lounge, meeting facilities, licensed patio, and outdoor swimming pool. The Inn is home to thousands of Stratford patrons during the festival season and a welcoming retreat for the local community, the ideal meeting location for corporations, and a winter sanctuary for those with the big city blues.

On Saturday, a staff meeting was held where the 30 staff members of the Inn were informed of the ownership change and their new job security. The announcement received a very favourable response from the staff as they were thrilled that their friends had taken such a huge step.

It is now business as usual in the limestone building on the hill, the only difference being that the adrenaline is flowing faster than the Thames River.

For further information or a full press kit, please contact: Julie Docker, Innkeeper, Westover Inn (519) 284-2977 or 1-800-COTTAGE.

*Source: Company files.*